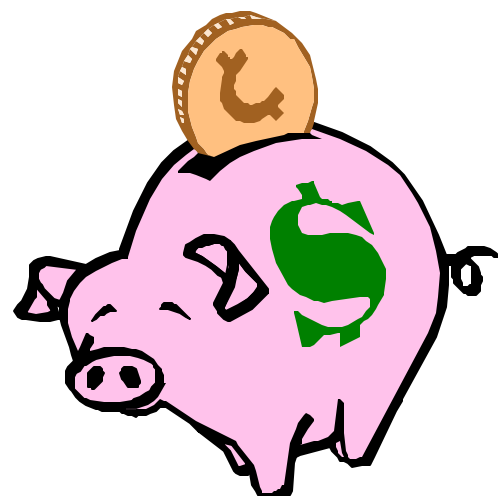


.....
Indiana Department of Financial Institutions

PAY YOURSELF FIRST



Instructor Guide



Building: Knowledge,
Security, and Confidence

FINANCIAL EDUCATION
CURRICULUM

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INSTRUCTOR INFORMATION

Before the Session

To properly present the Pay Yourself First course, you should:

- Review all materials in the Instructor Guide and the Participant Take-Home Guide.
- Make copies of Participant Take-Home Guides.
- Copy slides (overheads) into transparencies or use PowerPoint Slide Presentation.
- When appropriate, prepare chart paper examples.
- Identify potential trouble spots in the exercises, as well as hints for assisting participants.
- Select and prepare anecdotes from real-world experiences that can be used to illustrate special scenarios, generate discussion, and maintain participant interest.
- Using the resources in the Take-Home Guide, research special account providers (For example, IDA, ETA, and 529 programs) in the area. Share this information with participants.

Materials and Equipment

- Transparency projector or Computer projection for PowerPoint Slide Presentations
- Pay Yourself First transparencies or PowerPoint Slide Presentation
- Chart paper and easel
- Markers for chart paper and transparencies
- Name tents
- Pencils or pens for each participant
- Special account information handout
- Participant Take-Home Guides

Instructor Steps

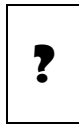
Step-by-step directions are provided for the instructor. The text below is an example of an instructor step:

Instructor Cue	Instructions
<div><p>You Will Know</p><hr/><ul style="list-style-type: none">● Ways to save money● How money can grow● The difference between savings and investment accounts<p>2</p><p>Slide 2</p></div>	<ul style="list-style-type: none">▶ Show Slide 2 (You Will Know).▶ Review course objectives.

Generally, these steps enable the instructor to ask questions, provide explanations, show slides, hand out materials and introduce exercises.

Icons

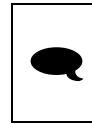
Icons alert the instructor to discussion questions, exercises, transitions, and summaries. They appear in the left margin:



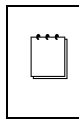
Ask questions or conduct a discussion.



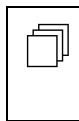
Distribute a hand out.



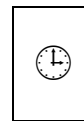
Explain



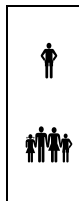
Report out exercise information or record the results of a brainstorm.



Refer to activity material.

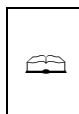


Allow Time

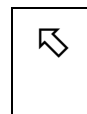


Indicate the beginning of an individual activity or exercise.

Indicate the beginning of a group activity or exercise.



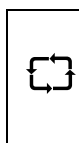
Read



Point



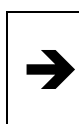
Summarize an activity or check for understanding.



Summarize the course.



Web Sites for additional information.



Transition to the next topic.

PAY YOURSELF FIRST

Objectives


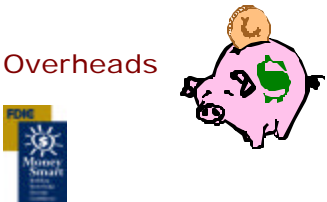
By the end of this course, participants will be able to prepare a personal budget. To achieve this objective, participants will be able to:

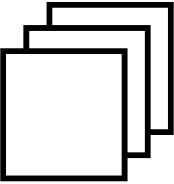
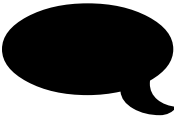
- Identify ways to save money
- Describe how money can grow when you save
- Tell the difference between types of savings and investment accounts

Time

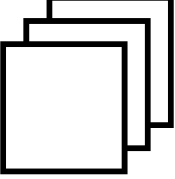
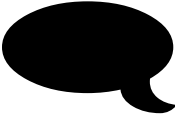

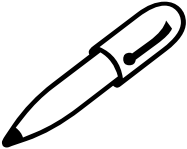
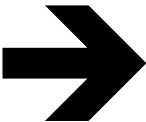
90 Minutes

Course Introduction




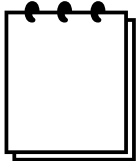
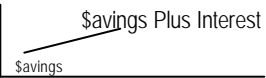
Instructor Cue	Instructions
	<p>▶ Before the start of the class, hand out the following materials to each participant:</p> <ul style="list-style-type: none"> ● Participant Take-Home Guide ● Name tent ● Pencil or pen
<div data-bbox="196 659 570 1094"> <p>Pay Yourself First</p> <hr/> <p>Overheads</p>  <p>Financial Education</p> <p>1</p> </div> <p>Slide 1</p>	<p>▶ Show Slide 1 (Pay Yourself First).</p> <p>▶ “Welcome to Pay Yourself First!” Introduce yourself (e.g., name, experience as an instructor or banker).</p>
<div data-bbox="196 1268 570 1717"> <p>You Will Know</p> <hr/> <ul style="list-style-type: none"> ● Ways to save money ● How money can grow ● The difference between savings and investment accounts <p>2</p> </div> <p>Slide 2</p>	<p>▶ Show Slide 2 (You Will Know).</p> <p>▶ Explain: “By the end of the course, you will be able to recognize the importance of saving money.”</p> <p>You will know:</p> <ul style="list-style-type: none"> ● Ways to save money ● How money can grow ● The difference between savings and investment accounts”


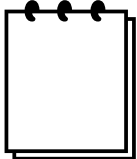

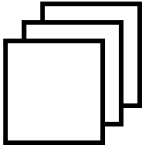
Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Show the Participant Take-Home Guide to the class.
	<ul style="list-style-type: none"> ▶ Explain: “Each of you has a copy of the Pay Yourself First Take-Home Guide which contains highlights of the course. We will be using this throughout the course. Take it home and use it as a reference.”


What Do You Know

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Explain: “Take out the last page of your Take-Home Guide, the <i>What Do You Know</i> form.”
	<ul style="list-style-type: none"> ▶ Explain: “The <i>What Do You Know</i> form lets you measure how much you have learned from the course.”
	<ul style="list-style-type: none"> ▶ Read the instructions and walk the participants through each statement. ▶ Explain: “Complete the Before-the-Course column only. You will complete the other column at the end of the course.”
	<ul style="list-style-type: none"> ▶ Provide enough time for participants to complete the <i>What Do You Know</i> form. (2-3 minutes) ▶ Have participants put these forms aside until the end of the course when they will complete the <i>After-the-Course</i> column.
	<ul style="list-style-type: none"> ▶ Transition: “Now let’s talk about paying yourself first!”



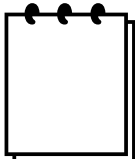

Overview of Savings

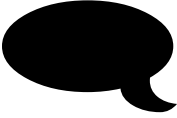

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Ask: “What does ‘pay yourself first’ mean to you?” ▶ Acknowledge participants’ responses
	<ul style="list-style-type: none"> ▶ Explain: “Paying yourself first means that when you get a paycheck, you put away the money you want to save for your goals.”
	<ul style="list-style-type: none"> ▶ Ask: “Why do you think you should pay yourself first?”
	<ul style="list-style-type: none"> ▶ Write participants’ responses on chart paper.
<div data-bbox="198 1346 570 1772"> <p>Benefits of Paying Yourself First</p> <hr/> <ul style="list-style-type: none"> ● Manage your money better ● Increase your savings ● Improve your standard of living  <p>3</p> </div> <p>Slide 3</p>	<ul style="list-style-type: none"> ▶ Show Slide 3 (Benefits of Paying Yourself First). ▶ Explain: “There are many reasons to pay yourself first. For example: <ul style="list-style-type: none"> ● Manage your money better ● Increase your savings ● Improve your standard of living.”

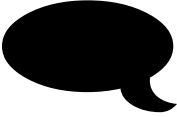

Instructor Cue	Instructions
	<p>► Ask: “What are some of the things people save money for?”</p>
	<p>► Write participants’ responses on chart paper.</p>
	<p>► Explain: “Some major expenses people save for include:</p> <ul style="list-style-type: none"> ● Unexpected events such as loss of job, car repair, or hospitalization ● Downpayment for a house, car, or other large purchase. ● College education ● Vacation, and ● Retirement”
	<p>► Stage: “Turn to the <i>Pay Yourself First</i> Worksheet on page 4 of your Take-Home Guide.”</p> <p>► Explain: “Take a few minutes to think about your goals for the future and write them down.”</p> <p>► Give them 2 minutes to write down their goals.</p>

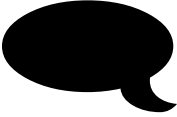

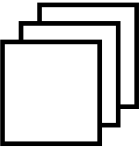
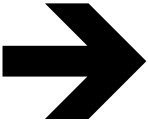
Instructor Cue	Instructions
	<p>► Transition: “Now let’s talk about some ways to save for these goals.”</p>

Saving Tips


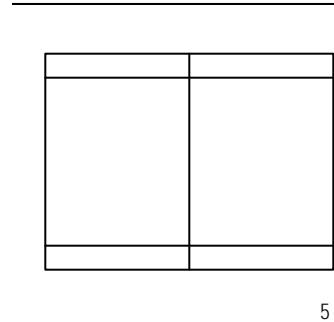
Instructor Cue	Instructions
	<p>► Explain: “Many people spend all the money they make, but saving money is important.”</p> <p>Many of you probably don’t think you have enough money to start saving.”</p>
	<p>► Ask: “Do you have any ideas to help you save money?”</p>
	<p>► Write participants’ responses on chart paper.</p>
	<p>► Stage: “Turn to page 6 of your Take-Home Guide.”</p>
<div> <div>Saving Tips</div> <hr/> <ul style="list-style-type: none"> ● Consider needs vs. wants ● Direct deposit to savings ● Pay your bills on time ● Use a checking account vs. check-cashing store ● Save extra money from raises or bonuses ● Keep making loan payment to yourself ● Save cash gifts <div>4</div> </div> <div>Slide 4</div>	<p>► Show Slide 4 (Saving Tips).</p> <p>► Explain: “Let’s talk about some of the tips on this list. You can follow along in your Take-Home Guide as I talk about the first few tips .”</p>

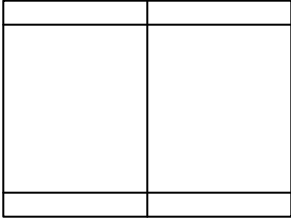

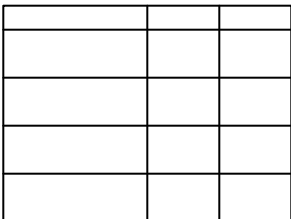
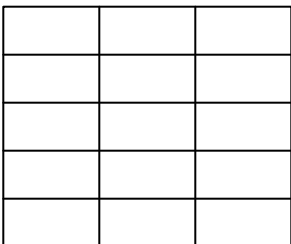
Instructor Cue	Instructions
	<p>► Explain: “The first tip is to consider ‘needs versus wants.’ Where can you save?</p> <ul style="list-style-type: none"> ● Do you eat out a lot? ● Can you cut back on coffee, candy, soda, or cigarettes? ● Do you have services you do not really need such as a cell phone, call waiting?”
	<p>► Explain: “The second tip is to use direct deposit or automatic transfer to your savings account.</p> <p>Put a portion of your paycheck in your savings account through direct deposit or automatic transfer.</p> <p>Transfer some money from your checking account into your savings account regularly. What you don’t see you don’t miss!</p> <p>Purchase U.S. savings bonds through payroll deduction.</p> <p>Make saving a habit!”</p>

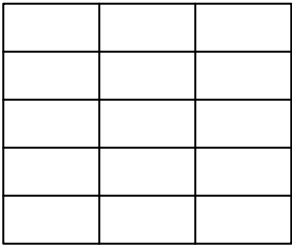
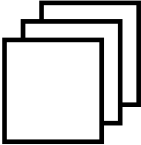

Instructor Cue	Instructions
	<p>► Explain: “The third tip is to pay your bills on time. This saves the added expense of:</p> <ul style="list-style-type: none"> ● Late fees ● Extra finance charges ● Disconnect fees for phone, electricity, or other services ● Fees to reestablish connection if your service is disconnected ● The cost of eviction ● Repossession of cars or other possessions, and ● Bill collectors.”
	<p>► Explain: “The fourth tip is to understand the expense of using check-cashing stores. At \$3-\$5 for each check you cash, this can add up to several hundred dollars in a year. Consider opening a checking account at a bank or credit union.</p> <p>If you would like more information about checking accounts, you can take the <i>Check it Out</i> course.”</p>


Instructor Cue	Instructions
	<p>► Explain: “The next three tips are some more ideas for paying yourself first:</p> <ul style="list-style-type: none"> ● If you get a raise or bonus from your employer, save that extra money. ● If you have paid off a loan, keep making the monthly payments to yourself. You can save or invest the money for your future goals. ● If you receive cash as a gift, save at least part of it.”
	<p>► Ask: “Think about some things you can do <i>right now</i> to save for your goals?”</p>
	<p>► Explain: “Turn to the Pay Yourself First worksheet on page 4 again and write down some tips you can use to save for your goals.”</p>
	<p>► Transition: “We have talked about why it is important to save. We have identified some tips for saving money. Now let’s look at the real benefit of saving money ³/₄ how your money can grow.”</p>

How Your Money Can Grow



Instructor Cue	Instructions
	<p>► Explain: “Making regular payments to yourself, even in small amounts, can add up over time. The amount your money grows depends on the interest earned and the amount of time you leave it in the account.”</p> <p>Let me give you an example of your money not growing.</p> <p>If you have a \$1,000 stashed away under your mattress for 1 year, it will still be \$1,000 at the end of the year. Your mattress is not paying you interest for keeping your money.”</p> <p>Now let’s talk about interest and the power of compounding. This is now your money can grow.</p> <p>When you compound interest, you earn money on the interest you leave in your account. Interest can be compounded daily, monthly, or annually.</p> <p>Not all savings accounts are created equal! Let me show you why.”</p>
<p>Compound Interest Exercise</p>  <p>Slide 5</p>	<p>► Show Slide 5 (Compound Interest Exercise).</p> <p>► Explain: “This table shows what happens to your money when you save just \$5 a day. Look at the difference when your money is invested in an account that compounds interest daily.</p> <p>The chart shows a difference of only \$46 at the end of the first year. However after 30 years, the difference would be \$72,327.”</p>

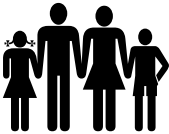





Instructor Cue	Instructions
<p>Compound Interest Exercise</p>  <p>5</p> <p>Slide 5</p>	<ul style="list-style-type: none"> ▶ Explain: “If you deposit \$1,000 in an account that has daily compounding, at the end of the first day you would have \$1,000.14. <p>The next day, the interest is calculated based on the entire amount of your original deposit or \$1,000 PLUS the previously earned interest; \$1,000.14 rather than \$1,000.”</p>
	<ul style="list-style-type: none"> ▶ Explain: “By the end of one year you will have \$1,051.27. The extra \$51.27 does not seem like much at this point. However, the next slide shows the difference it makes over time.”
<p>Compound Interest</p>  <p>6</p> <p>Slide 6</p>	<ul style="list-style-type: none"> ▶ Show Slide 6 (Compound Interest). ▶ Explain: “This table uses the same \$1,000 to show how your money grows faster the more often interest is compounded and the longer it stays in the account. <p>The 14 cents adds up over time.”</p>
<p>Saving \$1 a Day</p>  <p>7</p> <p>Slide 7</p>	<ul style="list-style-type: none"> ▶ Show Slide 7 (Saving \$1 a Day). ▶ Explain: “You don’t need a \$1,000 to see the power of compounding. <p>This table shows that even small amounts of savings add up. Look at what happens when you save just \$1 a day</p> <p>At the end of one year you made \$9 compounded interest. At the end of 30 years, you made an extra \$14,465!”</p>






Instructor Cue	Instructions
<p data-bbox="212 237 448 268">Saving \$5 a Day</p>  <p data-bbox="329 667 418 699">Slide 8</p>	<ul style="list-style-type: none"> ▶ Show Slide 8 (Saving \$5 a Day). ▶ Explain: “This table shows what happens to your money when you save just \$5 a day. Look at the difference when your money is invested in an account that compounds interest daily. <p data-bbox="667 552 1433 720">The chart shows a difference of only \$46 at the end of the first year. However compounding daily after 30 years shows a difference of \$72,327!”</p>
	<ul style="list-style-type: none"> ▶ Explain: “See the <i>Glossary</i> section on page 15 of your Take-Home Guide for some helpful terms and concepts. Let’s talk about a few terms related to savings accounts.”
	<ul style="list-style-type: none"> ▶ Explain: “Annual Percentage Yield, or APY, is the amount of interest you will earn on a yearly basis expressed as a percentage. <p data-bbox="667 1251 1438 1419">The APY includes the effect of compounding. When comparing different accounts, you should compare the APYs of the savings products, not the rates.</p> <p data-bbox="667 1457 1393 1583">The more often your money compounds, the higher the APY and the more interest you will receive.</p> <p data-bbox="667 1621 1438 1705">The interest you earn is considered income and is taxable.</p> <p data-bbox="654 1743 1451 1869">There are many other terms and concepts in your Take-Home Guide. You should take the time to become familiar with them.”</p>



Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Transition: “Now that you know the benefits of saving and how your money can grow, let’s look at different savings and investment options.”

Savings Options

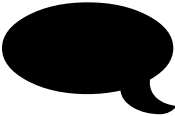
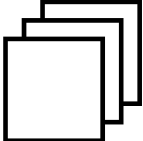

Instructor Cue	Instructions
	<p>► Explain: “Most people save money in a bank savings account or by purchasing investments.</p> <p>In a savings account, you make money by earning interest. The bank pays you interest for borrowing your money. A bank savings account ensures your money is safe and you can access your money.</p> <p>Savings in a financial institution are generally insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA).</p> <p>That means if your financial institution goes out of business and it can’t pay your money, the FDIC or NCUA will make sure you get your money.”</p>
	<p>► Explain: “Now we are going to talk about the types of savings products available at most banks.”</p>
<div data-bbox="199 1360 537 1787"> <p>Saving Accounts</p> <hr/> <ul style="list-style-type: none"> ● Statement savings account ● Passbook savings account ● Club account ● Money Market account ● Certificate of Deposit (CD) <p>9</p> </div> <p>Slide 9</p>	<p>► Show Slide 9 (Saving Accounts).</p> <ul style="list-style-type: none"> ● “Statement savings account ● Passbook savings account ● Club account ● Money Market account ● Certificate of Deposit (CD)”


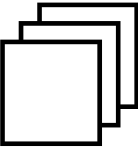

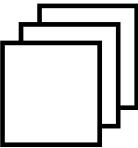
Instructor Cue	Instructions
	<p>► Explain: “I will read a statement about each of the types of savings accounts on this slide. Tell me which kind of account I am describing.”</p>
	<p>► Read: “This is an account you ‘join’ to save money for a special reason, such as a holiday, family vacation, or college. These accounts usually require to you make regular deposits.”</p>
	<p>► Ask: “What sort of account am I describing?”</p> <p>► Answer: Club account.</p>
	<p>► Read: “This is an account where you leave your money for a set period of time, such as six months, one, two, or five years, called a term. You usually earn a higher rate of interest. The longer you promise to keep your money in the account, the higher the interest rate. There is a penalty for withdrawing your money early.”</p>
	<p>► Ask: “What sort of account am I describing?”</p> <p>► Answer: Certificate of Deposit (CD).</p>
	<p>► Read: “This account usually pays a higher rate of interest and usually requires a higher minimum balance to earn interest. This account pays a higher rate for higher balances.”</p>

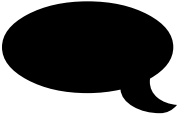

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Ask: “What sort of account am I describing?” ▶ Answer: Money Market account.
	<ul style="list-style-type: none"> ▶ Read: “This account earns interest and you will usually receive a quarterly statement that lists all your transactions ³/₄ withdrawals, deposits, fees, and interest earned.”
	<ul style="list-style-type: none"> ▶ Ask: “What sort of account am I describing?” ▶ Answer: Statement savings account.
	<ul style="list-style-type: none"> ▶ Read: “With this account, you must go to the bank to make transactions. The teller will update your account information when you go to the bank.”
	<ul style="list-style-type: none"> ▶ Ask: “What sort of account am I describing?” ▶ Answer: Passbook savings account.

Instructor Cue	Instructions
	<p>▶ “Let’s review the savings accounts and point out the differences:</p> <ul style="list-style-type: none"> ● Statement savings and passbook savings accounts are similar. They both earn interest. The difference is in the recordkeeping. ● Club accounts are for saving for a specific purpose, such as Christmas. ● CDs and Money Market accounts generally earn higher interest rates and require higher minimum balances. CDs are held for a fixed term. <p>This means you can not make deposits or withdrawals during the term. Money Market accounts do not have a fixed term. You can make deposits and withdrawals.</p> <p>Always check your records and statements for accuracy. Banks are not perfect and can make mistakes.”</p>
	<p>▶ Transition: “Now that we have talked about various savings options, you should know about some special accounts offered at some financial institutions.”</p>




Special Accounts





Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Explain: “The first special account we are going to talk about is called an Individual Development Account or IDA.”
	<ul style="list-style-type: none"> ▶ Prompt: “Turn to <i>Special Accounts: Frequently Asked Questions</i> on page 11 of your Take-Home Guide.” ▶ Ask: “Has anyone heard of IDAs before?”
	<ul style="list-style-type: none"> ▶ Explain: “IDAs are matched savings accounts. When an account is matched, it means another organization, such as a foundation, corporation, or government entity agrees to add money to your account. <p>IDAs are based on the concept that asset building is necessary to break the cycle of poverty and to help families become financially independent. Asset building refers to people purchasing or holding items that will help them financially in the future.</p> <p>Organizations will match the money people save in IDAs to encourage low-income families to save money on a regular basis.</p> <p>Most IDAs are only used to save for college, job training, a downpayment or closing costs for a first home purchase, or to start a business.”</p>




Instructor Cue	Instructions
	<p>► Explain: “The next special account is called an Electronic Transfer Account or ETA.”</p>
	<p>► Prompt: “Turn to <i>Special Accounts: Frequently Asked Questions</i> on page 12 of your Take-Home Guide for additional information about ETAs.”</p>
	<p>► Explain: “ETAs are low-cost savings accounts that allow individuals that receive federal payments to receive those payments through direct deposit.</p> <p>ETAs are offered only through federally-insured banks, thrifts, and credit unions.</p> <p>You can take advantage of an ETA if you receive:</p> <ul style="list-style-type: none"> ● Social Security payments ● Supplemental Security Income, or SSI payments ● Veterans benefits ● A federal employee salary or retirement, or ● Railroad retirement payments.”
	<p>► Explain: “Page 14 of your Take-Home Guide discusses <i>Section 529 Plans</i>. These are prepaid savings plans for higher education. Anyone can set up a plan for a child’s education. The money grows tax-deferred and is taxed as the child’s rate when withdrawn.”</p>



Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Explain: “The donor may have state income tax breaks for money put in the account. The savings can be applied to any college in any state. Many plans start with only \$25 a month contribution. The accounts are generally managed by large investment companies.” ▶ Instructor Note: If you have information about special accounts offered by local financial institutions, share it with the class at this point.
	<ul style="list-style-type: none"> ▶ Transition: “Now that we have talked about various special accounts offered at some financial institutions, let’s talk about investment options.”



Investment Options




Instructor Cue	Instructions
	<p>► Ask: “Who knows what an investment is?”</p> <p>Acknowledge participants’ answers and guide a brief discussion making the following points.</p>
	<p>► Explain: “An investment is a savings option that you purchase for future income or financial benefit. Many banks now sell investment products, such as mutual funds.</p> <p>Although some investment products are sold at banks, they are not the same as deposit accounts and your money is not federally-insured.</p> <p>When you invest your money, there is a greater risk of losing it than if you put your money in a savings or other deposit account.</p> <p>There is a possibility you might lose the entire amount you invest if the investment does not perform well.</p> <p>Because of the risk you take, there is also the opportunity for y our investment to earn more than your regular savings account might. The higher the risk, the higher the expected return on the investment.”</p>
	<p>► Ask: “How can you make money from investments?”</p> <p>► Acknowledge participants’ answers.</p>


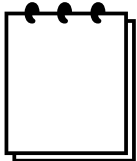

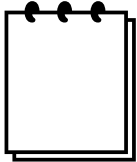

Instructor Cue	Instructions
	<p>► Explain: “You can make money on investments by selling them for more than you paid for them or by earning dividends and interest. This income is taxable income.”</p>
	<p>► Explain: “Now we are going to talk about different types of investment products.”</p>
<div data-bbox="198 764 570 1268"> <p>Investments</p> <ul style="list-style-type: none"> ● Stocks ● Bonds ● Mutual Funds  <p>10</p> </div> <p>Slide 10</p>	<p>► Show Slide 10 (Investments).</p> <p>► Explain: “Some of the more popular types of investments are:</p> <ul style="list-style-type: none"> ● Stocks, ● Bonds, and ● Mutual Funds. <p>It is important to note that most financial advisors recommend you have a savings cushion of 2-6 months worth of expenses. In case of an emergency, a sudden illness, or a job loss, you need to be able to access your savings.”</p>
	<p>► Explain: “First, let’s talk about stocks.</p> <p>When you buy stocks, or shares, you own part of the company.</p> <p>If the company does well, you might receive periodic dividends. Dividends are part of a company’s profits that it gives back to you as a shareholder.”</p>


Instructor Cue	Instructions
	<p>► Explain: “Another way to make money from stocks is to sell them at a profit. If the company does well, others might be willing to buy your stock at a higher price than you paid.”</p>
	<p>► Ask: “Do you think buying stocks is a good investment option if you cannot afford to lose your money?”</p> <p>► Answer: NO. Keep in mind that if a company does poorly, you might lose money.</p> <p>For example, if you buy \$100 worth of stock and the company is not doing well when you want to sell it, you might be able to receive only \$60 for your stock, you would have lost \$40.”</p>
	<p>► Explain: “Second, let’s talk about bonds.</p> <p>When you purchase a bond, you are loaning money to a corporation or to the government for a certain period of time called a term.</p> <p>The bond certificate promises the corporation or government will repay you on a specific date, usually with a fixed rate of interest. Bond terms can range from a few months to 30 years. You need to research the company before you invest to make sure it has the ability to repay the loan. Corporate bonds have varying degrees of risk.”</p>

Instructor Cue	Instructions
	<p>► Explain: “U.S. Savings bonds are a long-term investment option backed by the U.S. government.</p> <p>Buying savings bonds is an easy and safe way to save small amounts of money and are frequently purchased for a child’s education; however, they may be used for any purpose.</p> <p>Savings bonds can be purchased at a financial institution for as little as \$25 or through payroll deduction.”</p>
	<p>► Explain: “The U.S. government issues other securities with higher returns to pay for government activities.</p> <p>Similar to U. S. Savings Bonds, they are backed by the U. S. government.</p> <p>The longer you hold the investment, the better the return.</p> <p>U. S. government securities require a minimum investment of \$1,000 and include:</p> <ul style="list-style-type: none"> ● Treasury bills, which mature in 1 year or less ● Treasury notes, which mature in 1 to 10 years ● Treasury bonds, which mature in 10 to 30 years”



Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Ask: “Do you think U.S. Treasury Securities and Savings Bonds are safe investment options?” ▶ Explain: “Yes. You will get all your money back when you invest in U. S. government bonds. As with stocks, other bonds have various degrees of risk.” ▶ Ask: “Do you think buying bonds is a good investment if you will need your money in the next month?” ▶ Explain: “No. Bonds are long-term investments held for a specific period of time. This term is generally longer than a month and can range up to 30 years.”
	<ul style="list-style-type: none"> ▶ Explain: “Third, let’s talk about mutual funds. <p>A mutual fund is a professionally-managed collection of money from a group of investors. A mutual fund manager invests your money in some combination of various stocks, bonds, and other products.</p> <p>The fund manager determines the best time to buy and sell the products in the fund. By combining your resources with other investors in a mutual fund, you can diversify even a small investment, which should reduce risk.</p> <p>Diversification is the concept of ‘don’t put all your eggs in one basket.’ This means you spread the risk of loss in a variety of savings and investment options.”</p>


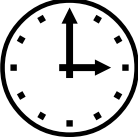
Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Ask: “Do you think a mutual fund is a good investment if you want to save for long-term goals?” ▶ Explain: “Mutual funds generally have a higher return over the long term than a regular savings account. Because you can diversify your investment, there is usually less risk than buying stocks and some bonds.”
<div data-bbox="199 743 570 1234"> <p>Retirement Investments</p> <hr/> <ul style="list-style-type: none"> ● Individual Retirement Account (IRA) ● 401(k) and 403(b) Plans ● Keogh Plans and Simplified Employee Pension Plans </div> <div data-bbox="527 1207 548 1228">11</div> <div data-bbox="321 1234 423 1266">Slide 11</div>	<ul style="list-style-type: none"> ▶ Show Slide 11 (Retirement Investments). ▶ Explain: “Retirement investments generally grow tax free until the money is withdrawn during retirement. Retirement plans allow you to choose from different types of investments depending on how much risk you want to take. <p>Retirement investments include:</p> <ul style="list-style-type: none"> ● Individual Retirement Account (IRA) ● 401(k) and 403(b) Plans ● Keogh Plans and Simplified Employee Pension Plans.”
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site for additional information on Retirement Accounts at:</p> <p>http://www.dfi.state.in.us/conscredit/Ciretirement.htm.”</p>
	<ul style="list-style-type: none"> ▶ Explain: “If you are interested in learning more about tax-deferred investment accounts, go to a bank or an investment firm. You can also do your own research. A public library is a good place to start.”

Instructor Cue	Instructions
	<p>▶ Ask: “Can you think of any other investments you might have?”</p>
	<p>▶ Write participants’ responses on chart paper.</p>
	<p>▶ Explain: “Owning a home is an investment because the home generally increases or appreciates in value. When your home increases in value and your debt decreases in amount, your equity increases.</p> <p>Equity is the difference between how much the house is worth and how much you owe on a house.”</p>
	<p>▶ Write the following on chart paper:</p> $\begin{array}{r} \text{Value of Home} \\ - \text{Debt (how much you owe)} \\ \hline = \text{Equity} \end{array}$ <p>Use the following dollar values as an example:</p> $\begin{array}{r} \$ 100,000 \text{ (value of home)} \\ - \$ 70,000 \text{ (debt)} \\ \hline = \$ 30,000 \text{ (equity)} \end{array}$
	<p>▶ Explain: “Owning a business is an investment. Although starting a business can be risky, if planned and managed correctly, it has the potential to increase your future financial security.”</p>

Instructor Cue	Instructions
	<p>► Transition: “Now you know something about savings and investment options. Let’s look at how you can decide what is best for you.”</p>

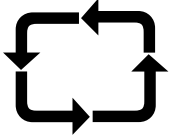

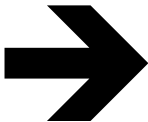
How Do I Decide What is Best For Me?

Instructor Cue	Instructions
<div data-bbox="196 317 565 793"> <p>Decision Factors</p> <ul style="list-style-type: none"> ● How much do you want to accumulate over a certain period of time? ● How long can you leave your money invested? ● How do you feel about risking your money?  <p>12</p> </div> <p>Slide 12</p>	<ul style="list-style-type: none"> ▶ Show Slide 12 (Decision Factors). ▶ Explain: “There are three main decision factors for selecting the right savings or investment: <ul style="list-style-type: none"> ● How much do you want to accumulate over a certain period of time? ● How long can you leave your money invested? ● How do you feel about risking your money?”
	<ul style="list-style-type: none"> ▶ Explain: “These decision factors will help you choose the right savings or investment option. <p>Let’s talk about some examples:</p> <ul style="list-style-type: none"> ● If you think you might need access to your money right away, it might be best for you to keep it in a savings account where you have immediate access. You should always keep some savings available for emergencies. ● If you are not comfortable with risk and cannot afford to lose the money, take less risk by depositing money in an insured financial institution. Shop around for the account that best meets your needs. ● If you have some money you won’t need for several years, you might consider different investment options such as stocks, bonds, or mutual funds.”

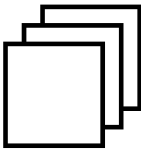
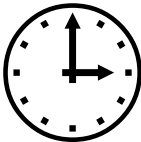

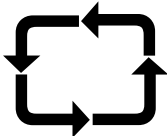
Instructor Cue	Instructions
	<p>► Explain: “Let’s take a few minutes to complete the <i>Pay Yourself First Plan</i> on page 5 of your Take-Home Guide to help you create an action plan for paying yourself first.</p> <p>The questions to consider are:</p> <ol style="list-style-type: none"> 1. What I can do now to save? <p>For example: Right now I can cut down on the number of sodas I drink each day and save that money – saving just \$.50 a day adds up to \$182 by the end of the year!</p> <ol style="list-style-type: none"> 2. What I can do by the end of the month to save? <p>For example: Next month I can pay off a loan and continue making the loan payments to myself.</p> <ol style="list-style-type: none"> 3. What I will do by the end of the year to save? <p>For example: By the end of the year, I can buy a US Savings Bond.”</p>
	<p>Allow a few minutes for participants to complete the worksheet.</p> <p>Invite volunteers to share their plans with the rest of the class.</p>

Instructor Cue	Instructions
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site for additional information on Savings and Investment at: http://www.dfi.state.in.us/conscredit/CIbanking.htm.”</p>

Course Summary

Instructor Cue	Instructions
	<p>► Summarize the course: “Congratulations! You’ve completed the <i>Pay Yourself First</i> course. We’ve covered a lot of information including:</p> <ul style="list-style-type: none"> ● An overview of savings ● Several saving tips ● How your money can grow ● A number of saving and investment options, and ● How you can decide what is best for you <p>You should now be able to recognize the importance of saving money.”</p>
	<p>► Ask: “Are there any questions?”</p> <p>► Answer questions as time permits.</p>
	<p>► Transition: “To improve the course, we will need your feed back. The After-the – Course column on the <i>What Do You Know</i> form and <i>Course Evaluation</i> will identify changes that can make this course better.”</p>

End of Course Evaluation

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ► Explain: “Please complete the After-the Course column and the <i>Course Evaluation</i>. These forms are the last two pages of your Take-Home Guide.”
	<ul style="list-style-type: none"> ► Allow time for participants to complete it. ► Collect the <i>What Do You Know</i> and <i>Course Evaluation</i> forms.
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site for additional information on Savings & Investments Information at:</p> <p>http://www.dfi.state.in.us/conscredit/Clbanking.htm.”</p>
	<ul style="list-style-type: none"> ► Conclusion: “Great job on completing the <i>Pay Yourself First</i> course! Thank you for participating.”